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## FISCAL IMPACT REPORT

SPONSOR: Miera DATE TYPED: 2/12/03 HB 266/aHGUAC

SHORT TITLE: Reimbursement of Doctors of Oriental Medicine SB \_\_\_\_\_

ANALYST: Weber

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$661.3)		Recurring	General Fund
	\$661.3		Recurring	State Medicaid Budget
	\$2,007.2		Recurring	Federal/Medicaid

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates Senate Bill 274.

### SOURCES OF INFORMATION

Responses Received From  
Human Services Department

### SUMMARY

#### Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment makes the following changes:

On page 2, line 9, strike “The” and insert thereof “If federal matching funds are available in the Medicaid program for reimbursement of acupuncture or other services provided by doctors of oriental medicine, the”

On page 2, line 20, strike “The” and insert in lieu thereof “ If federal matching funds are available in the Medicaid program for reimbursement of acupuncture or other services provided by doctors of oriental medicine, the’.

These changes make the Medicaid program recognize doctors of oriental medicine as providers eligible for federal reimbursement.

Synopsis of Original Bill

House Bill 266 proposes that Doctors of Oriental Medicine (DOM) be recognized as providers in the Medicaid program and reimbursed at a rate that is commensurate with reasonable and customary rate for acupuncture services charged by doctors of oriental medicine statewide.

Significant Issues

The Human Services Department reports that currently, Medicaid does not now recognize DOM as eligible providers. It does not reimburse for certain services provided by DOM, such as acupuncture, certain prescriptions, herbs and other modalities of treatment. Including DOM as eligible providers would be an expansion of the Medicaid program. Moreover, some of these services would not likely be services for which federal financial participation (FFP) would be available. If such services were required, additional state funds without federal match would be required.

**FISCAL IMPLICATIONS**

The estimated total financial impact is \$2.66 million, \$661.3 in State General Funds and \$2,007.7 in federal Medicaid funds. These amounts reflect only the minimum costs of simple office visits to DOM. It does not include the potential additional costs of specific modalities of treatment and drugs.

Additional state general funds would be needed for the Medicaid budget for both fee-for-service providers and SALUD! contractors to pay for these new services. Some of the services within the legal scope of DOM practice, such as herbal prescriptions or biofeedback techniques using color, light or sound may not be eligible for the federal Medicaid match necessitating payment by 100 percent general fund.

**ADMINISTRATIVE IMPLICATIONS**

Since acupuncture is not currently a covered benefit of the Medicaid program, if the HB 266 is enacted, the Medical Assistance Division (MAD) would need to create a new benefit category, promulgate new regulations, write new billing instructions, seek approval from Centers for Medicare and Medicaid Services (CMS) to amend the state plan and enroll DOM and other providers of acupuncture services. MAD would also have to update the Medicaid Management Information System (“MMIS”) to include these new providers and relevant codes. Such expansion would result in new and increased administrative costs for the Medicaid program.

**MW/prr**